



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
www.hawaii.gov/dcca

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

THE TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2017

THURSDAY, FEBRUARY 2, 2017  
8:30 A.M.

TESTIMONY OF DEAN NISHINA, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS, TO THE HONORABLE CHRIS LEE, CHAIR, AND MEMBERS OF THE  
COMMITTEE

HOUSE BILL NO. 217 - RELATING TO BIOMASS ENERGY

**DESCRIPTION:**

This measure proposes to specify conditions under which electric utilities shall purchase power from biomass facilities.

**POSITION:**

The Division of Consumer Advocacy (“Consumer Advocate”) offers comments to this bill.

**COMMENTS:**

The proposed legislation, if adopted, would be challenging to promulgate. For instance, the proposal that 125 megawatts (MW) would have to be shared annually between investor-owned facilities and counties with a consumer base of over one hundred thousand consumers may require additional legislation or additional action to enable some form of wheeling between the biomass facility and the counties with a consumer base of over one hundred thousand consumers.<sup>1</sup> Furthermore, it is unclear how 125 MW of capacity would be shared with investor-owned facilities. Additionally, it

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<sup>1</sup> At this time, it appears that only the county of Honolulu may be able to benefit from this legislation, if passed.

is unclear how a compliant biomass project would, or would not, be considered in the determination of the renewable portfolio standards.

The Consumer Advocate contends that current statutory language already includes biomass in the definition of renewable energy<sup>2</sup> and that modifying Hawaii Revised Statutes § 269-92 to include the proposed language would be somewhat redundant and may actually create issues of whether biomass projects that are not consistent with the proposed language could be included in the determination of the renewable portfolio standards compliance.

Thank you for this opportunity to testify.

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<sup>2</sup> See Hawaii Revised Statutes § 269-91(7).

TESTIMONY OF RANDY IWASE  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII  
TO THE  
HOUSE COMMITTEE ON  
ENERGY AND ENVIRONMENTAL PROTECTION

February 2, 2017  
8:30 am

**MEASURE:** H.B. No. 217  
**TITLE:** RELATING TO BIOMASS ENERGY

Chair Lee and Members of the Committee:

**DESCRIPTION:**

This measure would specify that, regarding the portions of the renewable portfolio standards (“RPS”) that shall be met by specific types of renewable energy:

“For a period of five years between January 1, 2018, to January 1, 2023, if the renewable energy resources contain at least fifty per cent biomass:

- (A) One hundred twenty-five megawatts shall be shared annually between investor-owned facilities and counties with a consumer base of over 100,000 consumers; and
- (B) Eighty per cent of the biomass shall compromise a by-product of sustainable forestry management.”

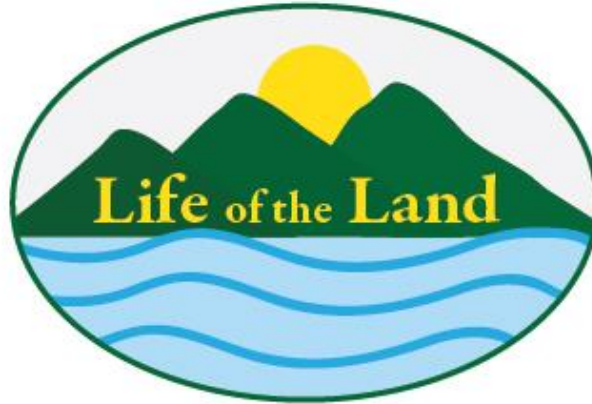
**POSITION:**

The Commission offers the following comments for the Committee’s consideration.

**COMMENTS:**

The Commission is unclear what specific circumstances are being identified by this measure. Without further clarity, it would be difficult for the Commission to track and enforce relevant provisions of HRS 269-92, the Renewable Portfolio Standards Law.

Thank you for the opportunity to testify on this measure.



P.O. Box 37158, Honolulu, Hawai`i 96837-0158  
Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
Rep. Chris Lee, Chair  
Rep. Nicole E. Lowen, Vice Chair

DATE: Thursday, February 2, 2017  
TIME: 8:30am  
PLACE: Conference Room 325

re: HB 217 Relating to Biomass Energy

**PLEASE HOLD**

Aloha Chair Lee, Vice Chair Lowen, and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 47 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

The bill states, "For a period of five years from January 1, 2018, to January 1, 2023, if the renewable energy resources contain at least fifty per cent biomass: (A) One hundred twenty-five megawatts shall be shared annually between investor-owned facilities and counties with a consumer base of over one hundred thousand consumers; and (B) Eighty per cent of the biomass shall comprise a by-product of sustainable forestry management."

All existing utility power purchase agreements involving biomass are governed by Public Utilities Commission approved contracts which can't be amended by state law. The three that

come to mind are the recently terminated MECO-HC&S facility, H-POWER, and the *Green Energy* 7-megawatt plant just outside Lihue.

HECO, MECO & HELCO have filed their Power Supply Improvement Plans (PSIPs) with the Commission in December. None of the three utilities plan to sign a power purchase agreement with a biomass facility in the next five years.

Thus, at this point, the bill serves no purpose.

Mahalo,

Henry Curtis  
Executive Director

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, January 30, 2017 6:36 PM  
**To:** EEPtestimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for HB217 on Feb 2, 2017 08:30AM\*

**HB217**

Submitted on: 1/30/2017

Testimony for EEP on Feb 2, 2017 08:30AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
ENERGY AND ENVIRONMENTAL PROTECTION**

**LATE**

**H.B. No. 217**

**Relating to Energy**

Tuesday, February 2, 2017

8:30 am

State Capitol, Conference Room 325

Rodney Chong  
Manager, Renewable Acquisition  
Hawaiian Electric Company, Inc.

Chair Lee, Vice Chair Lowen, and Members of the Committee:

My name is Rodney Chong and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company **requesting clarification** on H.B. 217

This bill appears to establish new standards for the calculation of the Companies' renewable portfolio standard ("RPS") to "contain at least 50% biomass". Our concern with this bill is that the specific resources to achieve the RPS should be determined by the PUC in the context of an integrated resource portfolio, including consideration for the cost of such resource relative to other alternatives. Such assumptions and resulting conclusions may change over time. Fixing such resources in statute may result in uneconomic results for Hawaii's customers. In addition, it doesn't account for the operational run time of the particular resource as it expresses the amount in MW (capacity) vs MWH (energy). Furthermore, the applicable time period "January 1, 2018 to January 1, 2023" and amount of 125 MW "shall be shared annual between investor-owned facilities and counties" is not clear and needs clarification.

Accordingly, the Hawaiian Electric Companies are requesting clarification on H.B. 217 and are open to discussing this bill with appropriate stakeholders and sponsors to better understand the intent.

Thank you for this opportunity to testify.